

Rebalancing Kansas' Long Term Care System

By

Shannon M. Jones, Executive Director
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The Current System

Kansas spends 69% of its long-term care Medicaid funding on institutional care and 31% on community-based supports. Kansas has a clear institutional bias of funding long-term care support through the purchase of institutional care.

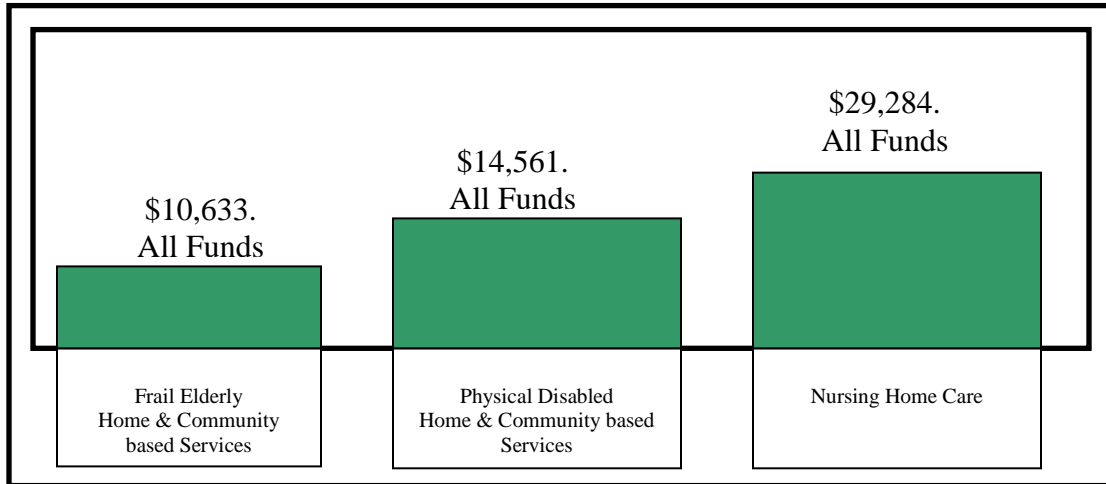
- Medicaid – the federal program that provides medical assistance for poor seniors and persons with disabilities – is biased in favor of institutional care. When seniors and people with disabilities qualify financially and are deemed to require care, Medicaid funding for a nursing home bed is guaranteed. But qualified persons who want to receive care at home, must request funding and often times wait for services to become available.
- Institutional care is an entitlement under Medicaid; community based care is optional. However, it's an option that experts say most people prefer. And it's much cheaper. On average, community based care is about one-third the cost of comparable nursing home care.

The current Medicaid long-term care state budget threatens the independence and basic rights of seniors and people with disabilities.

As the chart, on the following page demonstrates, persons served in the community as opposed to a nursing facility save the state on average \$17,000 per person per year. In 2005 that represents a savings of approximately \$170.0M all funds. By not adequately funding community based services the state is committed to paying the higher cost while people 'wait' on a list for essential services or have no other choice but to access the most costly form of care.

This structural design unnecessarily places people with disabilities and older Kansans in nursing homes.

Long Term Care Cost /per person/ per year



For FY'06 the Medicaid Long Term Care Budget

	<u>All Funds</u>	<u>State General Funds</u>	<u># Served</u>
Nursing Facility	\$318.9 M	\$125.4 M	10,890
HCBS/FE & PD	\$142.3 M	\$ 56.1 M	11,353

The Vision

To provide equal access to home and community based long term care services....To remove the institutional bias by consolidating all Medicaid long-term care funding into one budgetary line item...To give higher visibility to the practicality and preference for Home and Community Based Services...To make diversion of persons from nursing home admission to home and community based services a priority when assessing the long term care needs of individuals.

THE OPERATION:

- This will result in a unified, cost-effective service and support delivery system in Kansas.
- It will respond to an individual's unique needs, regardless of age, diagnosis or disability.
- It will provide for a single office (entity) for the administration of Medicaid long-term care services and funding.
- It will create a statewide system with universal eligibility built on functional assessments; mental / physical / cognitive.
- The system will encourage employment outcomes where appropriate.
- The system will follow the person throughout life's journey and changing needs.

To implement the vision and meet the operational concept we make the following recommendations:

- 1. Give more visibility to choice and independence by coordinating all the home and community based services programs (Physical Disabilities, Developmental Disabilities, Frail & Elderly, Severe & Emotional Disabilities and Traumatic Brain Injured, TBI) in one office. Provide an office that integrates community services, supervised directly by the Secretary of SRS or Health Policy Authority.**

We need to give higher visibility to the practicality and preference of Home and Community Based Services (HCBS).

With movement of regular medical assistance out of SRS, it is an opportune time to make these changes and commitment to this policy shift.

Because long-term services and supports cut across many traditional lines, a number of states have used restructuring as a means of compliance with the Olmstead decision. Kansas should create an office that integrates community services. This approach will allow the state to coordinate effectively various policies that will promote people living in the most integrated setting. This proposed office that integrates community services will consolidate home and community based services and supports from various state agencies into one office, one management concept and philosophy.

By consolidating the management of Home and Community Based services, not only will the state reduce the administrative burden on taxpayers, it will create an environment where these programs can flourish. It will provide, for the first time, a genuine opportunity for Kansans to have choice and independence, while creating a new system geared to meet the needs of Kansans in the 21st Century.

Recommendation:

- 2. Amend the Medicaid State Plan to include Home and Community Based services in the caseload estimating process. This is the standardized process in which the state estimates the numbers of persons to be served and their costs.**

Rationale:

Currently only individuals in nursing facilities and other institutions are included in caseload estimations. Fully informed long term care participants who make informed choice at the front-end of services will make mandatory HCBS critical. HCBS should be as readily available as admission into a nursing home. In this way the state would be ensuring choice. It will also be rebalancing the system. It will declare that it is moving from institutional services towards the more preferred and cost effective approach in the community, HCBS.

The result of such a change in state policy; would be no waiting lists for community services.

Recommendation:

- 3. We have demonstrated good success and cost-savings with the programs: “Money Follows the Persons” and “Working Healthy.” We need to give attention to self-determination and self-direction to reinforce the principles of choice and independence. These programs and concepts need to be included and moved from demonstration status to on-going state policy and managed by the office that integrates community services.**

Rationale:

No one in a facility who wants to be in the community will be denied. Money Follows the Person would provide automatic funding of community placements for people who transition out of an institution or nursing facility. Currently, Kansas has a pilot program, which is capped at 80 persons per year. This program needs to operate without a cap.

Many people with disabilities want to work but worry that doing so could jeopardize their vital health and long-term care coverage. The Working Healthy Program offers people with disabilities who are working or interested in working the opportunity to get or keep Medicaid coverage while sharing in the cost of their premiums. Currently, the program has 844 enrollees, of which 59% to 67% pay a premium each month. Additionally, it should be noted that the number of persons with disabilities working in Kansas is twice the national rate.

Improving opportunities for work for people with disabilities is a win-win situation. For people with disabilities, it means inclusion, freedom and empowerment. For business, it means more customers, higher profits, and additional qualified workers. For taxpayers, it means more people contributing to the system, and fewer people dependent on it.

Recommendation:

4. Reassign the duties of the Client assessment, referral and evaluation (CARE) to the office that integrates community services.

Rationale:

The Supreme Court in the Olmstead vs. LC & EW decision ruled in 1999 that people have a civil right to services in the most integrated settings.

This Court decision requires states to develop a 'comprehensive, effectively working plan' that evenhandedly distributes funding. Such a plan could address the imbalance between nursing facility utilization and the funding of HCBS.

The purposes of CARE are for data collection and individual assessment, referral to long-term care options and the assurance of informed choice and independence. This further justifies reassignment of the CARE Assessment.

Other states have funded consumer groups to design assessment tools and implement identification activities. These organizations have many years of experience with community based services. This assessment tool should capture which services would be necessary in order for the individual to be served first in

the community. Implementation of the CARE process should be at the local level on a competitive bid basis.

In summary, a roadmap for change:

- **A philosophical commitment and legislative direction.**
 - Leadership by state officials and policy makers to rebalance the long-term system.
 - The state needs to mandate reductions in nursing home care and increases in community- based care across the state.
 - Long-term care programs should be geared toward promoting diversion from nursing homes.
 - Information regarding home & community-based services will be readily available.
 - There will be relocation action plans for nursing home residents who request care in the community.
 - Community coalitions need to ensure cooperation among state agencies to assure that re-balancing of long term care is a priority.
- **Procedures to track, manage and administer community placements**
 - The logical time and place to help consumers avoid nursing home admissions should to be in the community or at the hospital just prior to discharge.
 - Kansas should mandate that anyone seeking admission to a nursing home shall have a pre-admission assessment so they will be informed about all options for long-term care.
- **Assuring financing for community care.**
 - Kansas should move to mandates to reinvest cost savings from reductions in institutional care to fund community-based services.
 - Through this rebalancing there will be an increase in capacity over time to provide community based care.

In conclusion, Home and Community Based services can provide supports on average to twice as many people as the cost of nursing facility care. By making HCB services as accessible to individuals with disabilities or long term illness as institutional or facility based care, we can eliminate waiting lists and reduce the cost of long term care in Kansas.

The state of Kansas is long overdue to rebalance its long-term care system. The funding policy for Home and Community Based Services should be considered the same as institutional services. If HCB Services are readily available to those

that need them, the long term services system will rebalance on it's own. The system will move away from costly institutional services towards the more preferred and cost effective approach in the community.